

<b>IN THE MATTER OF:</b>	*	<b>BEFORE THE MARYLAND</b>
		<b>STATE COLLECTION AGENCY</b>
<b>MIDLAND FUNDING LLC;</b>	*	<b>LICENSING BOARD IN THE</b>
		<b>OFFICE OF THE COMMISSIONER</b>
<b>MIDLAND CREDIT</b>	*	<b>OF FINANCIAL REGULATION</b>
<b>MANAGEMENT, INC.;</b>		
	*	
<b>MIDLAND PORTFOLIO</b>		
<b>SERVICES LLC;</b>	*	
<b>ENCORE CAPITAL GROUP, INC.;</b>	*	
<b>JAMES BRANDON BLACK</b>	*	
<b>GEORGE RICHARD BROOKER;</b>	*	<b>DFR-FY-2010-063</b>
<b>PAUL JARON GRINBERG;</b>	*	
<b>ROBIN R. PRUITT;</b>	*	
<b>JAMES SYRAN</b>	*	
<b>Respondents</b>	*	

\* \* \* \* \*

**INTERIM SETTLEMENT AGREEMENT AND**  
**MODIFICATION TO SUMMARY ORDER TO CEASE AND DESIST AND**  
**SUMMARY SUSPENSION OF COLLECTION AGENCY LICENSES**

This Interim Settlement Agreement and Modification to Summary Order to Cease and Desist and Summary Suspension of Collection Agency Licenses ("Interim Agreement") is entered into this 23rd day of September, 2009, by and between the Maryland State Collection Agency Licensing Board in the Office of the Commissioner of Financial Regulation (hereinafter the "Agency") and Midland Funding LLC, Midland Credit Management, Inc., Midland Portfolio Services LLC, Encore Capital Group, Inc., James Brandon Black, George Richard Brooker, Paul Jaron Grinberg, Robin R. Pruitt, and James Syran (collectively "Respondents").

The Agency and Respondents (the "Parties") consent to the entry of this Interim Agreement as an interim measure designed to permit Respondents to resume certain business activities in the State while the Parties work in good faith to resolve the matters addressed in the Agency's Summary Order to Cease and Desist and Summary Suspension of Collection Agency Licenses (hereinafter "Summary Order"). All paragraphs below are intended to be part of the contractual obligations of the Parties hereto, so far as they may be so construed, and are not mere recitals to this Interim Agreement.

1. This Interim Agreement is entered into without prejudice to either Party, does not preclude either Party from raising any legal positions or defenses should this matter not be resolved by means of a Final Settlement Agreement, and does not constitute an admission of liability by Respondents.

2. Respondents have agreed to take each and every one of the following actions in exchange for a modification of the Summary Order:

a. Respondents will submit appropriate motions, or take other appropriate action, to stay in all open (active) cases in Maryland State district courts and circuit courts (hereinafter "Maryland State courts") in which Respondent Midland Funding, LLC ("Midland Funding") is named as a plaintiff.

b. Respondent Midland Funding will apply to be licensed by the Agency as a Maryland collection agency pursuant to the Maryland Collection Agency Licensing Act (or "MCALA," at Business Regulations Article, § 7-101, *et seq.*, Annotated Code of Maryland).

c. Respondents will conduct an internal audit of a representative sample of Maryland State court actions, as follows:

(1). The sample will consist of all cases filed in Maryland State courts in July 2008 and in March 2009 in which Respondents Midland Funding and/or Midland Credit Management, Inc. ("MCM") were named as plaintiffs, as well as any other specific cases which the Agency identifies by the close of business on September 25, 2009.

(2). For each case referenced above, Respondents will produce a report to the Agency no later than October 5, 2009 providing the following where reasonably possible: the "date of occurrence" (as either provided by the seller or assumed to be 180 days prior to the charge-off date); the date of last payment/purchase; and the date of filing in Maryland State court.

d. In conjunction with the modification to the Summary Order, below, before proceeding in any open (active) case in Maryland State courts in which Respondent MCM is named as a plaintiff, Respondents or their Maryland counsel will scrutinize each case file to ensure that the action was correctly filed before Maryland's three year statute of limitations period, or such other period as prescribed by law ("the statute of limitations period"), had run. For the purposes of this Interim Agreement only, the three year period will be measured from the date of occurrence (as discussed above) or from the date of last payment, whichever is later, to the date the case was filed in Maryland State court. Further, Respondents will notify the Agency no later than September 25, 2009 of the individual responsible for overseeing the review of these case files.

e. For all actions identified pursuant to the review in paragraph 2.d, above, in which Respondent MCM is named as a plaintiff and which were filed after the

statute of limitations period had run, Respondents will dismiss all such actions and immediately notify the Agency of same.

f. Respondents will provide the Agency with a point of contact whom Maryland consumers in active (open) cases involving Respondents can call in the event they have a question about the status of their case.

g. Respondents will conduct an internal review of their procedures for responding to telephone calls and/or written correspondences from consumers disputing the validity of their debt and/or requesting verification or validation of their debt to ensure compliance with the Fair Debt Collection Practices Act ("FDCPA," at 15 U.S.C. § 1692, *et seq.*), the Maryland Consumer Debt Collection Act ("MCDCA," at Commercial Law Article ("CL"), § 14-201 *et seq.*, Annotated Code of Maryland), and MCALA. Respondents will provide a written report to the Agency summarizing this internal review no later than October 2, 2009.

3. Once the audit and reports described in paragraphs 2.c. and 2.g., above, are complete, the Parties will negotiate what sanctions, penalties, and/or restitution may be appropriate.

4. The Parties hereto agree that any notices hereunder shall be effectively "delivered" when sent via overnight delivery or certified mail as follows:

- a. To the Commissioner:  
Commissioner of Financial Regulation  
500 North Calvert Street, Suite 402  
Baltimore, Maryland 21202-3651  
Attention: Mark Kaufman, Deputy Commissioner

Copy to:  
W. Thomas Lawrie, Assistant Attorney General

Department of Labor, Licensing, and Regulation  
500 North Calvert Street, Suite 406  
Baltimore, Maryland 21202-3651

b. To the Respondents:

Encore Capital Group, Inc.  
8875 Aero Drive, Suite 200  
San Diego, California 92123  
Attention: Ronald E. Naves, Jr., SVP and General Counsel

Copy to:  
James P. Ulwick, Esq.  
Kramon & Graham, PA  
One South Street, Suite 2600  
Baltimore, MD 21202-3201

NOW, THEREFORE, it is, by the Commissioner of Financial Regulation on behalf of the Agency, HEREBY

**ORDERED** that the Summary Order to Cease and Desist and Summary Suspension of Collection Agency Licenses issued on September 16, 2009 ("Summary Order") is vacated as to Respondents George Richard Brooker and Robin R. Pruitt only; it is further

**ORDERED** that, as to all remaining Respondents, the Summary Order is MODIFIED as follows: (1) Respondents may resume collection agency business activities in the State of Maryland in the name of licensed collection agency Midland Credit Management, Inc. only; (2) in their resumption of collection agency business activities, Respondents must comply with all applicable Federal and State laws, including but not limited to the FDCPA, MCDCA, and MCALA, and must adhere to all terms of this Interim Agreement; and (3) all other provisions of the Summary Order remain in full force and effect; and it is further

**ORDERED** that this Interim Agreement is effective as of the date executed, and shall remain in full force and effect until: (1) the Parties reach a Final Settlement Agreement, pursuant to which the Summary Order and all modifications thereto will be vacated; or (2) the Agency rescinds the above modifications to the Summary Order, thereby reinstating the original provisions of the Summary Order by providing the Respondents with no less than ten business (10) days prior written notice of the date that the Summary Order is to be reinstated.

It is so **ORDERED**.

IN WITNESS WHEREOF, this Interim Agreement is executed on the day and year first above written.

MARYLAND STATE COLLECTION  
AGENCY LICENSING BOARD IN THE  
OFFICE OF THE COMMISSIONER OF  
FINANCIAL REGULATION



By: Mark Kaufman  
Deputy Commissioner

For: Sarah Bloom Raskin  
Commissioner of Financial Regulation,  
Chairperson, State Collection Agency  
Licensing Board

ENCORE CAPITAL GROUP, INC.,  
ET AL.



per By: J. Brandon Black  
President and CEO

For: All Respondents